

Message Text

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15

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 COME-00 TRSE-00 OMB-01

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-02 PRS-01 SP-02 SS-15 USIA-15 DOTE-00 SAB-01 FMC-02

/089 W

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R 310735Z MAY 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASH DC 3070

INFO AMEMBASSY CAIRO

AMEMBASSY LONDON

UNCLAS KUWAIT 2274

E.O. 11652: N/A

TAGS: EWWT, EFIN KU, EG

SUBJ: MINISTER OF FINANCE WARNS LLOYDS ON INSURANCE RATE
INCREASES

1. DURING PAST WEEK SOME LOCAL PAPERS HIGHLIGHTED STATEMENT
BY MINISTER OF FINANCE ATEEQI MADE IN REACTION TO PREDICTION
BY CHAIRMAN OF LLOYDS UNDERWRITERS THAT SHIPS USING SUEZ CANAL
WOULD HAVE TO PAY HIGHER INSURANCE PREMIUMS THAN WORLD RATES
FOR NON-HAZARDOUS CARGO. LLOYDS CHAIRMAN HAVELOCK HUDSON
MADE REMARKS EARLIER IN MAY IN STOCKHOLM WHERE HE CITED
EVER-PRESENT RISK OF CATASTROPHE BECAUSE OF EXPLOSIVES IN
CANAL AS WELL AS ABSENSE OF REAL PEACE IN REGION.

2. ATEEQI'S REACTION WAS UNUSUALLY STRONG, AND PRESS QUOTED
HIM AS HINTING THAT ARABS MAY CONSIDER BOYCOTTING LLOYDS.
KUWAIT TIMES QUOTED ATEEQI AS SAYING HUDSON'S STATEMENT WAS
MOTIVATED BY POLITICAL REASONS AND WAS A FORTHRIGHT PRO-ISRAELI
STANCE. LLOYDS AIMS AT CREATING PANIC AND PREVENTING SHIPOWNERS
FROM USING THE CANAL, HE CHARGED. ATEEQI WENT ON TO ISSUE A
THINLY VEILED THREAT TO LLOYDS TO BE MORE CAREFUL IN ITS
PUBLIC STATEMENTS OR ARABS MAY HAVE TO RECONSIDER RELATIONS
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WITH COMPANY.

3. ATEEQI'S REMARKS WERE APPARENTLY TIMED TO BE CONSIDERED AT LLOYD'S BOARD OF DIRECTORS MEETING IN LATE MAY. HE SEEMED PARTICULARLY CONCERNED THAT LLOYDS CHAIRMAN'S STATEMENTS WOULD HAVE ADVERSE AFFECT ON SHIPPERS USE OF SUEZ CANAL AND THEREBY ON EARNING AND GENERAL ECONOMIC CONDITIONS IN EGYPT. FOLLOWING INITIAL PRESS REPORTS HERE, SIYASSA REPORTED MAY 25 THAT DEPUTY CHAIRMAN OF LLOYDS SENT CABLE TO ATEEQI IN WHICH HE SAID PRESS REPORTS OF FIRM'S PLANS TO INCREASE INSURANCE RATES WERE EXAGGERATED AND THAT LLOYDS READY TO NEGOTIATE MATTER. MAU

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